

Thursday, 18 Jul, 2024

## Rotation Of Buying Interest Into Value Stocks

### Market Review

**Malaysia:** The FBM KLCI (+0.47%) ended higher as the index was lifted by buying pressure in Telco & Media and Financials heavyweights as sentiment improved, tracking the overnight gains from the US as the US retail sales came in stronger-than-expectations. The Construction sector was the best performing sector.

**Global markets:** Wall Street ended lower dragged by Nasdaq as investors reducing exposure towards tech heavyweights on the back of potential escalation of US trade conflicts with China. Meanwhile, both the European and Asia stock markets ended lower.

### The Day Ahead

Overall, the FBM KLCI, FBM70, and FBM Small Cap have surged to 52-week highs again led by buying support within the local bourse led by Telco and Banking stocks as well as Construction stocks. Meanwhile, the US markets were mixed with the Dow rising to new highs above the 41,000 level but Nasdaq falling sharply as investors were taking profits from the AI stocks and rotated into selected small cap stocks on the broader market. Also, traders will be eyeing the upcoming jobs data due later today. On the commodity markets, Brent oil rebounded and stayed above the USD85, after the US oil inventories fell amid rising summer demand, while the gold price continued to stay above the USD2460. The CPO price traded above RM3900.

**Sectors focus:** With the mixed performance on Wall Street, we expect mild profit taking activities to emerge within the Technology stocks and traders may rotate into value stocks. Nevertheless, we expect the data centre catalysts to stay intact and may provide buy-on-dip opportunities within the related sectors namely Construction, Utilities, Building Material, and Property stocks. Also, we favour the Gloves and Shipping sector; the latter could be due to persisting Red Sea tension.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended higher towards the 1,633 level. The technical readings on the key index were positive with the MACD histogram formed another positive histogram bar, and RSI continues to trend above 50. The resistance is envisaged around 1,648-1,653 and the support is set at 1,613-1,618.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	41,988.08	0.59
S&P 500	5,588.27	-1.39
NASDAQ	17,996.92	-2.77
FBM KLCI	1,633.54	0.47
FBM Small Cap	19,994.93	0.83
FBM ACE	6,002.22	0.66
Construction	315.68	3.61
Consumer	596.17	0.83
Energy	972.38	-0.39
Financial Services	17,935.17	0.19
Healthcare	2,201.58	0.68
Ind Products	200.79	0.33
Plantation	7,074.71	1.32
Property	1,145.43	0.88
REITs	834.18	-0.04
Technology	79.23	-0.29
Telco & Media	605.03	0.80
Transport & Logist	110.12	0.07
Utilities	1,877.70	0.28
Trading Vol (m)	5,284.47	13.41
Trading Val (RM m)	3,877.88	10.20
Gainers/ Losers rat	178%	
FKLI	1,640.50	0.03
FCPO (RM)	3,921.00	-0.28
Brent oil (USD)	85.08	1.61
Gold (USD)	2,458.79	-0.01
USD	4,664.2	0.27
GBP	6,083.4	-0.30
EURO	5,104.4	-0.15
SGD	3,482.5	-0.07
Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
- 741.3	- 275.3	1016.6

Source: Bloomberg, Bursa Market Place



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## Company Brief

**Pavilion Real Estate Investment Trust's** (PAVREIT) net property income (NPI) increased 18.8% year-on-year in the second quarter ended June 30 (2QFY2024) to RM120.3m against RM101m a year ago. The REIT's NPI for the three-month period increased to RM120m compared with RM101m in the same period last year. Quarterly distributable income expanded to RM74.8m in 2QFY2024 from RM66.96m in the previous year's corresponding quarter. Its quarterly rental income climbed 27.4% to RM185.29m in 2QFY2024 from RM145.4m a year ago. (The Edge)

Rooftop solar power system provider **ILB Group Bhd** (ILB) is acquiring a solar energy company and its assets for RM98m, cash. ILB will pay RM30m for the purchase of Armani Sinar Sdn Bhd from Andy Woo Weng Kok, and another RM68m for the acquisition of a solar photovoltaic (PV) system from Armani Energy Sdn Bhd. Armani Energy was founded by Woo. Besides him, other shareholders of the company are Datuk Seri Azlan Azmi and Datuk Seri Wong Sze Chien. Armani Energy owns about 16.9 megawatt peak (MWp) of solar assets. Upon completion of the acquisition, ILB said that it will optimise Armani Sinar's operations and maximise the utilisation of solar assets by securing rooftop solar projects. (The Edge)

**PGF Capital Bhd** (PGF) has entered into a deal to serve as the Malaysian distributor of a Chinese company's mineral wool sandwich panels, which are suitable for wall facades in data centres. PGF Capital said its wholly-owned subsidiary, PGF Global Distribution Sdn Bhd, has signed a five-year agreement with Centria Building Material Manufacturing (Shanghai) Co Ltd (Centria International), granting PGF Global exclusive distributorship rights for Centria International's mineral wool sandwich panels, or thermal insulated panels in Malaysia. Centria International primarily supplies insulated panels for industrial and commercial projects. (The Edge)

Integrated construction and property company **PTT Synergy Group Bhd** (PTT), which recently announced a one-for-one bonus issue exercise, is acquiring two parcels of land with semi-detached factories in Selangor from **Sime Darby Property Bhd** (SIMEPROP) for RM22m, cash. The group, via its wholly-owned subsidiary Pembinaan Tetap Teguh Sdn Bhd, has entered into sale and purchase agreements with Sime Darby Property (Serenia City) Sdn Bhd and Sime Darby Property (Ampar Tenang) Sdn Bhd for the proposed acquisitions. (The Edge)

**Synergy House Bhd** (SYNERGY) received an unusual market activity (UMA) query from Bursa Malaysia on Wednesday after its shares suffered their biggest daily fall since being listed more than a year ago. The shares fell as much as 36 sen or 26% to RM1.02, the lowest since April 12, 2024. The stock closed at RM1.07, valuing the furniture company at RM535m. While the decline trimmed Synergy House's year-to-date gain to 56%, it is still 149% higher than its initial public offering price of 43 sen. The company was listed on the ACE Market on June 1 last year. Synergy House's trading volume for Wednesday totalled 7.29m shares, more than triple its 200-day moving average. (The Edge)

**BIG Industries Bhd** (BIG) has announced the cessation of its concrete business division, in a bid to mitigate losses. It said the loss-making concrete division has operated in a "very competitive price sensitive business environment" served by operators like the company and contractors who have their own on-site batching plants and casting yards. The division was managed by three of its wholly-owned subsidiaries, namely Uni-Mix Sdn Bhd (UMIX), Uni-Mix Concrete Products Sdn Bhd and Kinalaju Supply Sdn Bhd. UMI's property development business will continue as usual. (The Edge)



**Econpile Holdings Bhd** (ECONBHD) said Retirement Fund Inc (KWAP) has ceased to be a substantial shareholder in the piling and foundation specialist. KWAP's stake in Econpile dropped to below the 5% threshold necessary to be deemed a substantial shareholder after it sold 2.31m shares on Tuesday. The filing did not specify the value of the transaction, but based on Econpile's closing price of 51 sen on Tuesday, the block of shares was estimated to be worth RM1.18m. According to Econpile's previous filing on Monday, KWAP held a total of 72.52m shares in the group, equivalent to a 5.116% stake. (The Edge)

Penang-based property developer **Ewein Bhd's** (EWEIN) shares will be traded under its new name, **Skygate Solutions Bhd** (SKYGATE), effective Friday. The change in name comes after the restructuring exercise at Ewein, which saw Ooi Eng Leong emerging as its largest shareholder in June 2023 after raising his stake from 3.84% to 43.82%. Ooi – who is also managing director and major shareholder of ACE Market-listed **Nationgate Holdings Bhd** (NATGATE) – currently holds a 42.21% stake in Ewein. (The Edge)

## Technical Focus Tracker

Technical Focus Tracker											
No.	Companies	Report Date	Report Date Share Price (RM)	Resistance 1 (RM)	Resistance 2 (RM)	Long Term Target (RM)	Support (RM)	Cut Loss (RM)	Last Price (RM)	Change in Share Price (%)	Comments
1	OCK	5-Apr	0.605	0.660	0.670	0.690	0.580	0.570	0.665	9.9%	Initiate on 5/4/2024
2	FFB	24-Apr	1.490	1.600	1.620	1.650	1.410	1.400	1.560	4.7%	Initiate on 24/4/2024
3	FOCUSP	31-May	0.813	0.890	0.910	0.930	0.790	0.780	0.850	4.6%	Initiate on 31/5/2024
4	CORAZA	6-Jun	0.580	0.620	0.630	0.640	0.540	0.530	0.565	-2.6%	Initiate on 6/6/2024

## Market Chat Tracker – 3Q24 Stock Picks

3Q24 Stock Picks											
No.	Companies	Report Date	Report Date Share Price (RM)	Resistance 1 (RM)	Resistance 2 (RM)	Long Term Target (RM)	Support (RM)	Cut Loss (RM)	Last Price (RM)	Change in Share Price (%)	Comments
1	CAB	2-Jul	0.755	0.820	0.855	0.700	0.665	0.775	0.775	2.6%	Initiated on 2-Jul-2024
2	DKSH	2-Jul	5.160	5.820	5.880	5.110	5.040	5.11	5.11	-1.0%	Initiated on 2-Jul-2024
3	DUFU	2-Jul	2.630	2.920	3.110	2.480	2.310	2.52	2.52	-4.2%	Initiated on 2-Jul-2024
4	GREATEC	2-Jul	5.320	6.160	6.440	5.080	4.900	5.50	5.50	3.4%	Initiated on 2-Jul-2024
5	INFOTEC	2-Jul	1.040	1.090	1.140	0.960	0.915	1.18	1.18	13.5%	Initiated on 2-Jul-2024
6	ITMAX	2-Jul	2.580	2.780	2.850	2.480	2.420	3.08	3.08	19.4%	Initiated on 2-Jul-2024
7	PPHB	2-Jul	1.090	1.230	1.300	1.040	0.975	1.15	1.15	5.5%	Initiated on 2-Jul-2024
8	SCOMNET	2-Jul	1.530	1.630	1.720	1.420	1.330	1.53	1.53	0.0%	Initiated on 2-Jul-2024
9	SPBSHUT	2-Jul	0.735	0.835	0.865	0.725	0.695	0.96	0.96	30.6%	Initiated on 2-Jul-2024
10	SPRING	2-Jul	0.245	0.280	0.295	0.230	0.220	0.24	0.24	-4.1%	Initiated on 2-Jul-2024
11	SUNVIEW	2-Jul	0.745	0.805	0.840	0.730	0.705	0.72	0.72	-4.0%	Initiated on 2-Jul-2024
12	SYGROUP	2-Jul	0.805	0.895	0.935	0.750	0.705	0.87	0.87	7.5%	Initiated on 2-Jul-2024
13	TECHBND	2-Jul	0.530	0.620	0.645	0.505	0.490	0.53	0.53	0.0%	Initiated on 2-Jul-2024
14	TM	2-Jul	6.760	7.360	7.500	6.540	6.390	7.13	7.13	5.5%	Initiated on 2-Jul-2024
Average Return										5.3%	

Technical Focus Tracker Summary	
Total recommendations	387
Total winners	217
Total losers	135
Portfolio performance (2020)	22.7%
Accuracy (2020)	53.3%
Portfolio performance (2021)	30.4%
Accuracy (2021)	66.4%
Portfolio performance (2022)	13.3%
Accuracy (2022)	62.9%
Portfolio performance (2023)	29.4%
Accuracy (2023)	39.2%
FBM KLCI (Since 30/12/2022)	8.7%
FBM Small Cap (Since 30/12/2022)	32.9%
Malaysia GDP Growth (1H23)	4.2%

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